

## Message Text

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43

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 ( ISO ) W  
----- 021102

R 270959Z AUG 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6448

USDOC WASHDC

INFO AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 11294

USDOC FOR MEPD

EO 11652: NA

TAGS: BENC ID

SUBJECT: MAJOR PROJECT: MINING RAILROAD DEVELOPMENT  
IN SOUTH SUMATRA

REF: (A) STATE 210616 (NOTAL), (B) STATE 196936 (NOTAL)  
(C) JAKARTA TRANSMITTAL DATED 7/19/76

1. REGRET DELAY REPLYING REF (B). AFTER SEVERAL ATTEMPTS  
EMBASSY FINALLY REACHED IR. GIRI S. HADIJARDJONO, PLANNING  
OFFICER, DIRECTORATE GENERAL OF LAND TRANSPORTATION. AS  
OFTEN IS CASE HERE, ARTICLE TRANSMITTED REF (C) WAS A BIT  
PREMATURE IN SOME OF ITS FACTS.

2. IR. GIRI INDICATED TO US THAT AT THIS STAGE RAILROAD  
PLANNING FOR COAL PROJECTS IS TILL VERY CONCEPTUAL.  
IT IS CLEAR THAT RAILROAD FOR MINING PROJECTS WILL IN FACT  
BE HANDLED BY PJKA. WHAT NOT CLEAR YET IS SCOPE OF COAL  
PROJECTS THIS RAILROAD SYSTEM WOULD SERVE. SHELL HAS YET  
TO PIN DOWN EXPORT MARKET FOR ITS COAL. ALTHOUGH COAL  
SAMPLES HAVE BEEN SUBMITTED TO BOTH JAPAN AND PHILIPPINE  
POTENTIAL CUSTOMERS, SHELL ONLY EXPECTS BE ABLE DETERMINE  
MARKET AND THEREFORE EXACT PRODCUTION BY END OF 1976.  
AT PRESENT THAT PRODUCTION ESTIMATED FALL IN RANGE  
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BETWEEN TWO AND TEN MILLION TONS ANNUALLY.

3. MEANWHILE, ALTHOUGH MAGNITUDE OF FUNDS REQUIRED FOR RAILROAD SYSTEM WILL OBVIOUSLY DEPEND UPON ULTIMATE COAL PRODUCTION ESTIMATES, GOI IS BEGINNING SEARCH FOR POSSIBLE FUNDING SOURCES. BASED ON PAST EXPERIENCE, WE ASSUME SUCH FINANCING WOULD HAVE TO BE EXPORT CREDIT, SEMI SOFT OR SOFT LOANS.

4. EMBASSY WILL CONTINUE FOLLOWING DEVELOPMENT OF COAL PROJECT AND RELATED RAILROAD SYSTEM, AND WE WILL REPORT WHEN THESE DEVELOPMENTS TAKE FIRMER SHAPE.

NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976JAKART11294  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 210616, 76 STATE 196936, 76 JAKARTA 7  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morandr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 08 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <08 APR 2004 by ReddocGW>; APPROVED <25 JAN 2005 by morandr>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR PROJECT: MINING RAILROAD DEVELOPMENT IN SOUTH SUMATRA  
**TAGS:** BENC, ID  
**To:** STATE  
COM  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006